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Message Text

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C O N F I D E N T I A L KUWAIT 5402

EXDIS

E.O. 11652: GDS
TAGS: PFOR, EAID, EFIN, KU, EG, SY
SUBJECT: KUWAITI ATTITUDES TOWARD AID FOR EGYPT AND SYRIA

REF: CAIRO 12853

SUMMARY: REFTEL DISCUSSES EGYPTIAN NERVOUSNESS OVER POSSIBILITY THAT ARAB AID FOR GOE MAY DIMINISH AND THAT SYRIA, INSTEAD, WILL BECOME FAVORITE OF RICH GULF STATES. WITH CERTAIN CAVEATS, EMBASSY BELIEVES BOTH EGYPT AND SYRIA, BECAUSE OF THEIR ECONOMIC NEED AND CRUCIAL POLITICAL POSITION IN ARAB WORLD, WILL CONTINUE TO RECEIVE HIGHEST PRIORITY FOR KUWAIT ASSISTANCE. END SUMMARY.

1. DESPITE PAST KUWAITI GENEROSITY, CONCERNED EGYPTIANS PROBABLY ARE CORRECT IN SENSING DISENCHANTMENT ON KUWAITI SIDE TOWARD ADDITIONAL LARGE-SCALE ECONOMIC ASSISTANCE FOR EGYPT. HOWEVER, IT IS MUCH TOO SIMPLISTIC TO CITE SINAI II AS SOLE REASON. GOK, PARTICULARLY PRIME MINISTER, PROBABLY IS LESS THAN FULLY CONVINCED THAT SINAI II, AS IT FINALLY EMERGED, IS AS GOOD FOR ARABS AS IT COULD OR SHOULD HAVE BEEN. BEYOND THAT ARE OTHER CONCERNS, SUCH AS BASIC POLITICAL STRENGTH OF SADAT IN EGYPT, WISDOM OF
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SADAT'S OVERT AND PRONOUNCED TILT TOWARD US AND OF POLITICAL

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STABILITY OF CURRENT GOVERNMENT. EVEN MORE IMPORTANT, HOWEVER, IN TERMS OF KUWAITI DISENCHANTMENT IS RECENT EGYPTIAN ECONOMIC PERFORMANCE. ONE PROMINENT KUWAITI DEEPLY INVOLVED IN RELATIONS WITH EGYPT DESCRIBES IT AS QUOTE OUR BANGLADESH UNQUOTE. MOREOVER, LACK OF SUCCESS IN ACHIEVING SIGNIFICANT NEW INVESTMENTS, INCLUDING THOSE OF QUASI-AID NATURE (E.G., IN HOUSING BY KUWAIT REAL ESTATE INVESTMENT CONSORTIUM), HAVE FRUSTRATED KUWAITIS WHO HAD HOPED TO COMBINE ECONOMIC ASSISTANCE FOR IMPORTANT SOCIAL/ECONOMIC PROGRAMS WITH PROGRAMS AIMED AT EVENTUAL ECONOMIC RETURN FOR KUWAIT.

2. DESPITE THE ABOVE, KUWAITIS RECOGNIZE OVERRIDING SIGNIFICANCE TO REGION OF POLITICAL HEALTH OF EGYPT AND THAT THIS REQUIRES ECONOMIC ASSISTANCE. MOREOVER, THEY FIND SADAT'S PRACTICAL, NON-IDEOLOGICAL STYLE CONSISTENT WITH THEIR OWN APPROACH AND THE MAN HIMSELF INFINITELY BETTER THAN APPARENT ALTERNATIVES. KUWAIT ALSO RECOGNIZES THAT, AS ONE OF THE WEALTHIEST ARAB STATES, IT HAS A SPECIAL RESPONSIBILITY TOWARDS EGYPT. THUS, AS LONG AS THERE IS NO ARAB CONSENSUS AGAINST EGYPT IN WHICH IT WOULD FEEL IT HAD TO FOLLOW, KUWAIT WILL REGULARLY MEET ITS KHARTOUM AND RABAT OBLIGATIONS, AND WILL SEEK TO PROVIDE ASSISTANCE THROUGH KUWAIT FUND OR BY OTHER MEANS. OF CONCERN, HOWEVER, IS RECOGNITION THAT, HOWEVER LARGE, KUWAIT FINANCIAL RESOURCES ARE FINITE WHEREAS EGYPTIAN DEMANDS ARE ENDLESS. KUWAITIS WONDER IF EGYPTIAN PROBLEMS CAN BE SOLVED NO MATTER HOW MUCH MONEY THEY, SAUDIS AND OTHERS POUR IN. IN OTHER WORDS, IN ADDITION TO DISENCHANTMENT, THERE IS DEGREE OF PESSIMISM OR SKEPTICISM OVER LONG-TERM ECONOMIC OUTLOOK FOR EGYPT.

3. IN CONTRAST SYRIA HAS BY ITS INTRANSIGENCE MAINTAINED ITS ARAB POLITICAL CREDENTIALS, AND ASSAD REGIME HAS REMAINED JUST RESPONSIBLE ENOUGH NOT TO FRIGHTEN KUWAITIS. SYRIA IS NOT ONLY THE AVENUE THROUGH WHICH, IN THEIR WORST DREAMS, KUWAITIS SEE ISRAELIS COMING DOWN THE PIKE; IT IS ALSO THE TIME-TESTED COUNTERPOISE TO IRAQ. THERE CAN REALLY BE NO QUESTION ABOUT WISDOM OF SUPPORTING SYRIA, ESPECIALLY WHEN THE LEADERSHIP IS, FOR A CHANGE, RELATIVELY SOBER. MOREOVER, SYRIAN ECONOMY IS NOT SEEN TO BE AS HOPE-
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LESS AS EGYPTIAN ECONOMY, AND PERHAPS MORE IMPORTANTLY SYRIANS ARE THOUGHT TO BE MORE SAVVY IN BUSINESS AND ECONOMICS THAN EGYPTIANS. EVEN WITH SYRIA, HOWEVER, KUWAITIS ARE ANNOYED OR IMPATIENT WITH CORRUPTION, SOCIALISTIC IDEAS, BUREAUCRATIC RED-TAPE, ETC.

4. FROM KUWAITI PERSPECTIVE AND IN TERMS OF ECONOMIC DESERVEDNESS, EGYPT AND SYRIA ARE DIFFERENT ONLY IN DEGREE.

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HOWEVER, DEGREE IS IMPORTANT, AND RELATIVELY, SYRIA IS
NOT THOUGHT TO BE IN AS SERIOUS STRAITS AS EGYPT. BOTH
EGYPT AND SYRIA HAVE THEIR ROMANTIC APOLOGISTS IN KUWAIT,
BUT LARGE-SCALE AID WILL BE MADE NOT ON EMOTIONAL GROUNDS,
BUT ON HARD-NOSED ANALYSIS THAT KUWAIT HAS LITTLE CHOICE
BUT TO EXTEND LARGE AMOUNTS OF AID TO BOTH SYRIA AND EGYPT
FOR REASONS DISCUSSED ABOVE. HAVING SAID THIS, IT IS TRUE
THAT CONSIDERABLE DISENCHANTMENT AND PESSIMISM EXISTS,
PARTICULARLY WITH RESPECT TO EGYPT WHERE KUWAITI NATIONAL
SECURITY INTERESTS ARE MORE REMOTE. BASED ON REFTEL, IT
APPEARS THAT EGYPTIANS ARE BEGINNING TO REALIZE THIS.
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